

Domain Name Wire 2006 Survey Results

www.DomainNameWire.com

Thank you to the 582 people who participated in the 2006 Domain Name Wire Survey.

This survey was truly international. Although more people from the United States participated than any other country, the US participation represented only 17% of the total. People from 81 countries participated! The domain name business is international so it was great to get such a wide variety of respondents.

Please see the survey notes at the conclusion of the survey for details about how this survey was conducted.

Participant Profile

- ü 14% of participants own 1,000 or more domains and 38% own greater than 100 domains.
- ü 33% of participants have attended a domain name conference such as T.R.A.F.F.I.C. or Domain Roundtable.
- ü 53% of participants consider themselves domain investors, 26% are affiliated with a registrar, and 28% are service providers (e.g. domain parking, forum owners).
- ü 43% of participants consider the domain name market their full-time job. The other 57% participate in the market as a side income.

Domain Registrars

Domain registrars are at the center of the domain name community. Without them domains cannot be registered, transferred, and hosted. So what do domainers care about most when selecting a registrar?

Price. Not a huge surprise here. 31% of respondents said that price is the most important factor when choosing a registrar. But price alone isn't enough to win the business of domainers.

Security. 26% of domainers said security was the number one concern when choosing a registrar. Security includes, but is not limited to, protecting domains from hijacking.

The weighted rankings of five considerations when choosing a registrar are:

1. Price
2. Security
3. Account management tools
4. Ease of transferring/pushing domains to other accounts
5. Value-added services (e.g. webhosting)

Let's face it; we could care less about add-ons like webhosting. But that's also where the registrars make money. So don't expect cross-sells during the domain checkout process to disappear.

With the above factors in mind, here are results for the remaining registrar questions:

Which registrar do you think has the best account management interface?

GoDaddy	33%
eNom	22%
Register.com	20%
Network Solutions	10%
Dotster	6%
DirectNic	4%
Moniker	3%
Tucows (OpenSRS)	2%

Which registrar do you think makes it easiest to "push" domains to a new user?

GoDaddy	26%
eNom	26%
Register.com	20%
Network Solutions	11%
Dotster	7%
Tucows (OpenSRS)	4%
DirectNic	4%
Moniker	3%

Which registrar do you think is best overall?

GoDaddy	28%
eNom	20%
Register.com	18%
Network Solutions	9%
Moniker	8%
Dotster	7%
Tucows (OpenSRS)	5%
DirectNic	5%

Although GoDaddy won each category easily, it is not the top choice for all types of domain name owners. Major investors would disagree with these results. Indeed, respondents that own greater than 1,000 domain names voted eNom the winner in each category by a wide margin.

Alternative TLDs. .Com domains still rule the market. But all of the good .com domains are already registered. I've seen the question "what is the second-best domain" thrown around in a lot of forums. Despite .net registrations being second only to .com and .de, most domainers shy away from .net domains...or at least that's what people in forums typically say. That's why I find the following result interesting:

If you wanted to register a generic domain and .com was already registered which extension would you register assuming it was available? (assume you have to select one of these)

.net	63%
.info	18%
.org	15%
.biz	5%

That's a landslide! 63% of domainers would register a .net name if the .com was not available, followed by .info and .org. Only 5% would register the .biz version if they were required to register a domain. Keep in mind that many people would simply look for another available .com rather than register a non-.com domain.

For recent news about domain registrars visit:

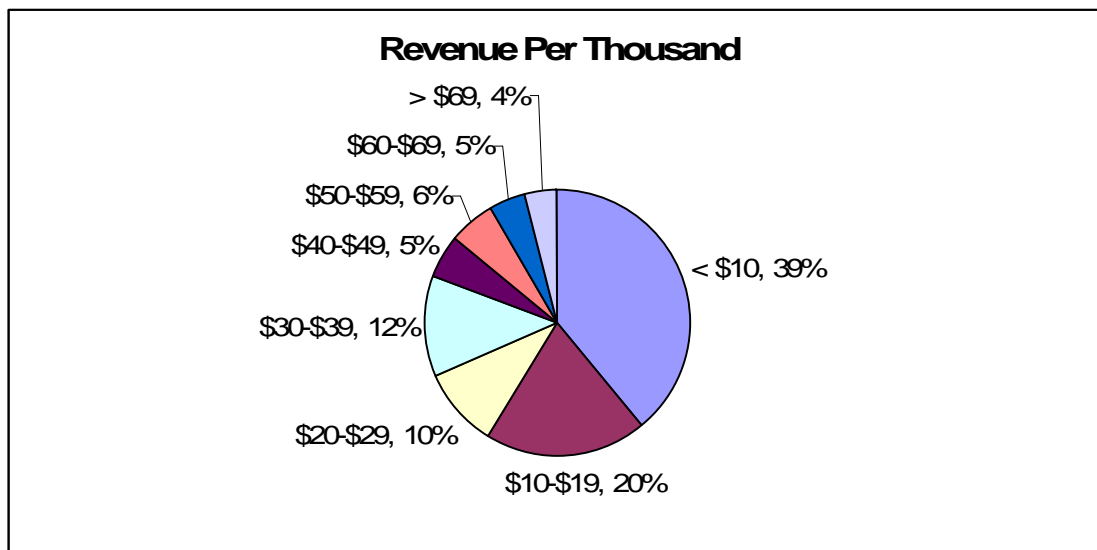
<http://domainnamewire.com/category/domain-registrars/>

Domain Parking

Revenue from domain names is more important than resale value right now—or so says the typical domain investor.

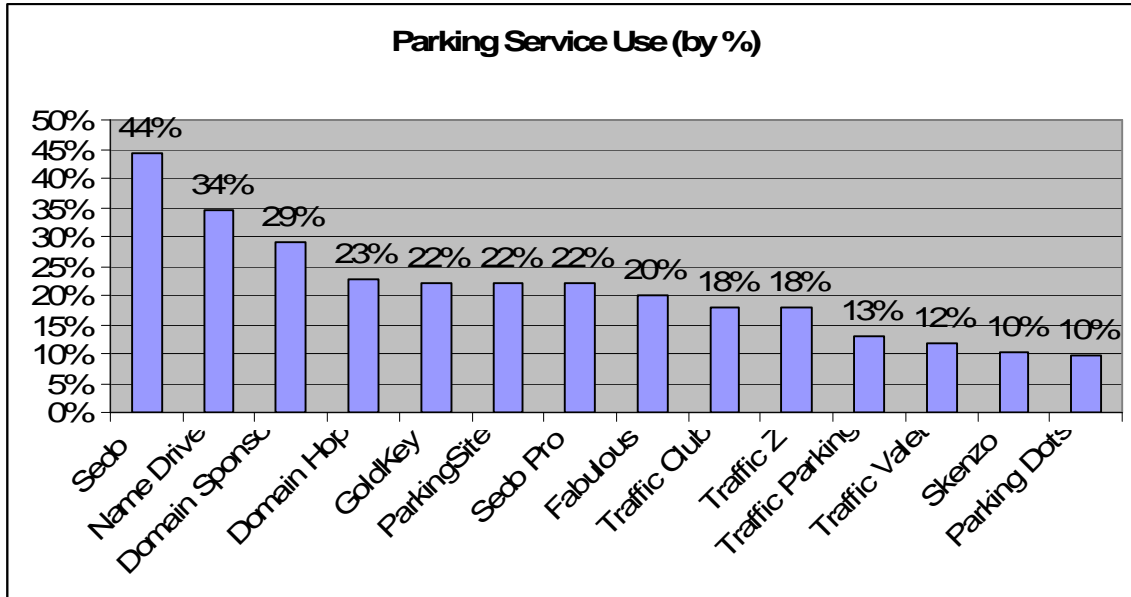
- ü 65% of domain name owners said that income from ads or sales on their sites would be greater than resale revenue over the next 5 years.

Unfortunately, most domain name owners are not receiving high revenue from parked domains. This is most likely because of the quality of traffic the domains are receiving. Fully 39% of survey participants are receiving less than \$10 per 1,000 views (RPM) of their domain names. On the positive side, 15% are receiving greater than \$50 per 1,000 views.



One trend we saw in the domain name industry in 2005 was the explosion of domain parking services.

I asked survey participants which parking services they currently use. As you can see from the following graph, domainers are wisely trying a number of services:



As you can see, Sedo still leads the pack in usage. But newcomer NameDrive is in a close second. Although NameDrive is second in usage, it's ranked #1 by domain name owners.

Which parking service is your favorite?

Name Drive	14%
Sedo	13%
Domain Sponsor	13%
Domain Hop	12%
GoldKey	9%
Fabulous	8%
ParkingSite	6%
Sedo Pro	6%
Traffic Club	4%
Skenzo	4%
Traffic Parking	4%
Traffic Z	3%
Parking Dots	3%
Traffic Valet	2%

It's no surprise that Sedo and DomainSponsor are also on top of the list. (I separated Sedo from Sedo Pro in the survey because they are fundamentally different programs.) GoldKey is a parking service that gained a lot of notoriety last year when domainers

found its Overture feed and search engine optimization features to generate high RPMs. Alas, these quickly dropped and the service's popularity waned.

What's in store for domain name parking in 2006? As people involved in the domain name industry we're a bit biased. But:

- ü 57% of respondents think their revenue per 1,000 page views will increase in 2006
- ü 27% think it will stay about the same
- ü 16% think it will be lower than 2005

Those 16% might be part of the group that's worried about fallout in the pay-per-click market. More on that later!

Domain Name Aftermarket

65% of survey participants think domain values will increase in 2006. Of course, we wouldn't be investing if we thought otherwise.

This year saw GoDaddy's TDNAM service join Sedo and Afternic as a legitimate contender in the domain name aftermarket. TDNAM, however, gets most of its sales from exclusive auctions of GoDaddy's expiring domains.

Forums such as DNForum continue to attract buyers and sellers. People frequently sell domains within minutes of posting them on forums (but usually at a wholesale price).

Which domain sales venues do you use for selling and/or buying?

Forums	48%
Sedo	42%
eBay	34%
Afternic	24%
Other (please specify)	22%
TDNAM (GoDaddy)	18%

Of the three major domain aftermarket listing services (Sedo, Afternic, and TDNAM), Sedo remains the most popular, grabbing 50% of the vote (and 70% of the vote from domainers that own 1,000+ domains). Sedo generated over \$25M in transactions in 2005. But Afternic landed the biggest publicly-disclosed sale; Fish.com for over \$1,000,000.

Which domain sales venue do you think is best?

Sedo	59%
Afternic	28%
TDNAM (GoDaddy)	12%

As for which forum is best, 43% of respondents voted for DNForum.

To read about recent sales at venues like Sedo and Afternic, visit:

<http://domainnamewire.com/category/domain-sales/>

Domain Name Market and Policy

The domain name industry has been around for a short period of time when compared to other industries. That means there's a lot of risk. Many savvy domainers are aware of this.

Risk. According to participants, fear of a fallout in the pay-per-click advertising market is the biggest monkey on the domain name market's back. People rely on clicks from parking pages for a large part of their domain investment income. The market could take a tumble if click fraud is not reigned in. Additionally, a move from cost-per-click to cost-per-action could have a major, but perhaps short term, effect on the market.

Which do you think is the biggest issue facing the domain name market in 2006?

Changes in pay-per-click market	34%
Domain theft	20%
Potential for ICANN to lose control to international body	15%
Renegade registrars including resellers	13%
Reverse domain name hijacking	12%
Other (please specify)	6%

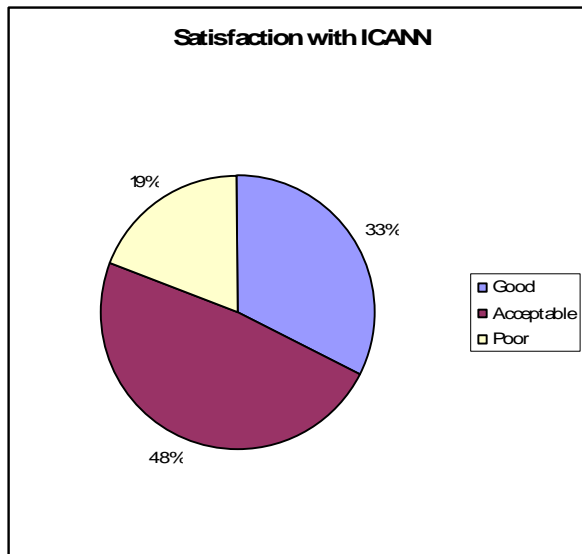
People are also concerned about theft of domain names. I was almost a victim of buying stolen domains and have covered the issue here:

<http://www.domainnamewire.com/2005/12/01/hot-domains-hot-as-in-stolen/>

Many domainers blame ICANN's new transfer policy for enabling domain theft. Previously, domain owners were required to approve a transfer before it proceeded. Now all transfers proceed unless denied by the current owner. Response was split about 50/50 between people that like the new policy versus the old policy. Among those that own 1,000 or more domains, 64% favor the old policy.

ICANN. A hot topic in 2005, as usual, was ICANN. Tensions rose throughout the year, culminating with proposed settlement between ICANN and Verisign over the SiteFinder service. The proposed settlement would lock in Verisign's control of the .com market through a contract extension and jack up registry prices. Only 25% of respondents approve of this settlement.

But overall satisfaction with ICANN remains relatively high:



81% of respondents think that ICANN is doing an “acceptable” or “good” job.

Another hot topic this year was whether control of the internet and domain name system should be handed off to an international organization similar to the United Nations. Only 38% of respondents approved of transferring control to an international body, despite 83% of respondents being from outside the US. Of respondents that own 1,000+ domains, only 24% approve. This sends the message that the domain name community prefers the stability of today’s environment to the risks of handing responsibility to an international body.

For more about this topic visit:

<http://domainnamewire.com/2005/10/19/us-lawmakers-urge-president-to-retain-us-control-of-internet/>

New Domains. This year saw the .xxx domain extension finally rear its ugly head. Now that it’s on the table, 63% of respondents that had an opinion about the issue think it should be approved. But that doesn’t mean the domain industry at large wants to see more top level domains introduced (e.g. .biz, .info). Only 45% of respondents that answered the question want to see more extensions. Perhaps the community is tired of seeing top level domains “diluted” by new extensions. This theory is reinforced by this number: only 28% of domainers that own 1,000+ domains want to see new extensions. These domainers are big players who likely have a strong hold on the .com market.

For more about this topic visit:

<http://domainnamewire.com/index.php?s=.xxx>

Expired Domains

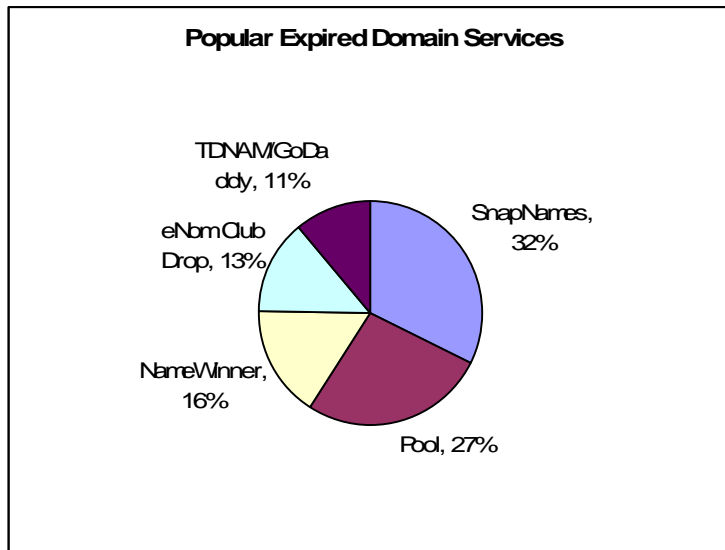
The expired domain market made a big splash in 2005 and this looks to continue in 2006. 2005 was the year of the exclusive drop agreement. Instead of domains expiring and dropping for all expired domain services to have a fair shake at catching, most large registrars now have exclusive agreements to “direct transfer” expiring domains. Network Solutions and Register.com have agreements with SnapNames, which has used such agreements to corner a large share of the market.

I’ve written about this topic extensively:

<http://www.domainnamewire.com/2005/09/14/expired-domain-name-market-consolidation/>

One drop service that hasn’t struck a major exclusive agreement is Pool. However, it remains popular.

Which expiring domain catching service do you use most often?



Keep up-to-date on the expired domains market here:

<http://domainnamewire.com/category/expired-domains/>

Survey Notes

The purpose of this survey was to gauge the sentiment of the domain name community on a number of topics including services and policies. The survey is not scientific. Respondents were self-selected and learned about the survey from online advertisements, forum postings, and the Domain Name Wire web site. IP address screening was used to limit double voting, but this is not a fool-proof measure.

Domain Name Wire is a leading news source for the domain name industry. Please visit <http://www.domainnamewire.com> for more information.